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ROUNDTABLE DISCUSSION ON UNITED STATES POLICY TOWARD EUROPE

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HEARING

BEFORE THE

SUBCOMMITTEE ON
EUROPE AND THE MIDDLE EAST

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

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ROUNDTABLE DISCUSSION ON UNITED STATES POLICY TOWARD EUROPE

TUESDAY, JULY 22, 1986

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST,
Washington, DC.

The subcommittee met at 2 p.m., in room 2200, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the subcommittee) presiding.

Mr. HAMILTON. The meeting will come to order.

I think some members may be on their way and I don't want to delay you gentlemen too long.

The subcommittee meets today in open session for a European policy roundtable discussion. We have with us today four recognized experts on Western Europe. They are Lawrence S. Eagleburger, president, Kissinger Associates, Inc., and a former Under Secretary of State for Political Affairs; Andrew J. Pierre, director of the project on European-American relations, Council on Foreign Relations; Earl C. Ravenal, distinguished research professor of international affairs, School of Foreign Service, Georgetown University, and a senior fellow with the Cato Institute; and Richard R. Rivers from Akin, Gump, Strauss, Hauer & Feld and a former general counsel of the U.S. Trade Representative.

In earlier correspondence with our witnesses today, the Chair asked them to focus on a few introductory remarks on the following five questions:

What do you consider to be the main themes of United States foreign policy problems in United States-European relations during the next decade, and how should the United States handle them?

Do the problems in United States-European relations during the coming decade come more from disagreements over political security issues or from tensions created by economic and commercial factors?

Where do you see public sentiment and government policies in Western Europe heading in relation to the Soviet Union and the United States during the next 10 to 15?

To what extent should the United States reconsider its commitment to European security, and what should be the implications for the Atlantic Alliance of an enlarged European voice and role in alliance policies?

It is the Chair's intention to proceed informally today after each witness has had up to 5 minutes for some opening comments. Mem-

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bers will be recognized when they want to speak and brief interjections will be in order if a participant or a member wishes to talk to a specific point under discussion.

We will begin with Mr. Eagleburger. You may proceed with your remarks.

STATEMENT OF LAWRENCE S. EAGLEBURGER, PRESIDENT, KISSINGER ASSOCIATES, INC.

Mr. EAGLEBURGER. Thank you, Mr. Chairman. It is a pleasure to be here today.

I would like not to deal directly with the questions, at least not at first, not because I don't think they are the right questions, but because I think all of them need to be looked at from a strategic background. I would like to talk very briefly about that first.

FUTURE OF THE UNITED STATES-EUROPEAN RELATIONSHIP

If the West did anything right after the close of the Second World War, it was over a number of years to build the trans-Atlantic relationship. I call it the trans-Atlantic relationship because I think it is more than NATO, although that certainly is key to the rest of the arrangement. But it goes beyond that, it is our relationship now with the Common Market, the OECD, a whole series of institutional frameworks that have been developed over the years which channeled the decisionmaking process for the West.

On good days, I feel marginally pessimistic, on bad days I feel quite pessimistic about the course of that trans-Atlantic relationship over the next decade or two. I think what we are seeing now, and have seen on the edges for a series of years, is a slow deterioration in the whole concept of the trans-Atlantic community, and indeed, in the dedication to that concept.

I think it is part of a broader global process, which briefly could be described as a time in terms of world history when the problems we face more and more demand cooperative solutions, there is a growing tendency to act less cooperatively and more unilaterally.

There are a series of reasons for this—a lot longer list than I can deal with today. But in looking at the trans-Atlantic relationship we have to ascribe some of this slow deterioration to a series of factors, the first of which is there are obviously generational changes. We are now living with people who govern, who do not really remember the Second World War. I think that is an important change that we simply are going to have to keep in mind.

It is as well a problem of the global nature of United States responsibilities, versus the regional nature of European interests. More and more I think that also tends to affect the way we and Europeans look at the same problems.

GROWING DIFFERENCES

There are growing differences between ourselves and our Western European friends on our perception of the Soviet threat and how to deal with it. There is certainly increasing European disquiet with what they see as American unpredictability and naivete.

United States frustration with the Europeans' failure, from our point of view, to accept responsibilities, growing trade differences,

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and a growing European frustration with their inability to affect our decisions. More and more Europeans see us making decisions which impact on their own interests, less and less do they have confidence that they have an ability to change our minds before we make decisions.

There is—I think it is related to this—the danger of American unilateralism. And there is the problem that will confront us all as differences grow between ourselves and our European friends as a consequence of technology developments. The United States is likely to proceed much more quickly than the Europeans into the 21st century, with very substantial increased technological abilities.

If you look at the course of the next few years, I don't think you can be particularly optimistic. It is clear that we all face a serious protectionist problem at the moment, whether it is for good reason or not. But I am totally convinced that if in fact we move to be more protectionist, it will simply lead to an escalating trade war between ourselves and our European allies that nobody can win. And if you look at the opposition in the United Kingdom and the Federal Republic of Germany I don't think you can have much confidence that if either of those parties comes to power, they will be as dedicated to the trans-Atlantic relationship, at least as we have known it, as the people now in power in those countries.

Now, as to the answers—there are none. I think the beginning of wisdom comes from recognizing that over the course of the next decade or two, as we move into the 21st century, the period from 1945 to 1985 is not going to be repeated and that in fact the deterioration is likely to become quite serious. I see no particular quick answer other than the sort of acts of leadership that we took in the post-war period. I think we have to convince our Western European allies—and indeed, we must include Japan in this process—that if we, the Western democracies, don't recognize the path on which we are now proceeding, we in the West are going to be in serious difficulties in terms of our cooperative ventures, at least by the end of the century.

Finally, I would say that none of this is soluble unless the Europeans get back to doing something that they have largely lost their rudder on, which is building Western Europe. It is not a question of building common agricultural policy, it is not a question of dealing with the United States on corn gluten, or establishing milk subsidies for the European Common Market. It is, rather, the kind of creativity that builds a Western Europe which politically and economically is able to stand as an equal partner with the United States in dealing with the problems of the world.

Mr. HAMILTON. Mr. Pierre.

STATEMENT OF ANDREW J. PIERRE, DIRECTOR, PROJECT ON EUROPEAN-AMERICAN RELATIONS, COUNCIL ON FOREIGN RELATIONS

Mr. PIERRE. Thank you, Mr. Chairman.

I think if one takes the temperature of the Atlantic Alliance today, one finds that it is in fairly good health. It is an alliance which has reached middle age, has endured, has kept the peace,

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and has gotten over major problems such as Suez, the French withdrawal, the debate over the multilateral nuclear force, over flexible response and in more recent years, the debates over Afghanistan and INF.

So that we have overcome many crises, and today, we are in a quiescent state, it seems to me. That being said, I don't think we can be at all complacent. There are, I think, long-term and rather deep-rooted structural changes underway leading to what some observers have called a widening Atlantic.

DIVERGING PERCEPTIONS AND INTERESTS

European and American perceptions and interests are in fact diverging. This is often the case, for example, with regard to crises in the Third World, or what NATO calls the out-of-area problem.

We are also finding divergences in dealing with issues such as arms control or policy toward the Soviet Union. I think that some of these divergencies are rooted in fairly deep cultural and social changes underway in this country and in Europe.

Ralf Dahrendorf has spoken eloquently on the process of the Europeanization of Europe, the development of common points of view in Europe, which are different from those held here.

We know of the changes underway in our own society. Secretary Eagleburger, prior to leaving the Department of State, made several very eloquent speeches on that theme. It is not just a question of the so-called successor generation. There is a changing distribution of political power in our own country, changes in our own ethnic makeup, changes in our own trade patterns, all of which are pointing toward a somewhat lower priority for our trans-Atlantic involvement, and a higher priority for other areas of the world.

To this I would add a growing knowledge gap. What I mean by that is that although, on the one hand, the intensity of communications across the Atlantic has never been greater—for example, instantaneous communications in television programs like "Nightline" having Europeans, Soviets, and Americans discussing issues all at one time, or newspapers being printed simultaneously on the two sides of the Atlantic—despite this intensity in depth of communications, I think there is less understanding and less knowledge of each other's society today than in the post war period.

European society and American society have become more complex. The United States no longer is the model society to which all Europeans aspire. For a variety of reasons, I think we understand Europe less well, and Europeans in turn understand us less well.

EUROPEAN INTERNAL POLITICS

The growing divergence is reflected in the internal politics of Western Europe. Europe is not just the Europe of Margaret Thatcher, Helmut Kohl, and Francois Mitterrand. It is also the Europe of the British Labor Party not agreeing with the postwar consensus on defense policy, or on NATO, calling for the withdrawal of all nuclear weapons from the British Isles.

It is also the Europe of the SPD and the Greens in Germany calling for the withdrawal of Cruise and Pershing missiles and quite strongly opposing the SDI. It is also the Europe of the low coun-

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tries, and different sectors of European society which simply do not share some of the postwar beliefs that we have all become accustomed to.

So that I see Europe in a few years being even more different from the Europe of the past, or even of today. In particular, I think the postwar consensus on defense has eroded. The whole role of nuclear weapons is being questioned.

Many in Germany today are calling for what is termed a "nonprovocative" defense, or "defensive" defense, rather than NATO's policy of flexible response. Certainly such people are not supportive of Gen. Bernard W. Rogers' call for "follow-on-forces-attack" or improvements through emerging technologies in the defense of Europe.

Unfortunately, the new ideas in Europe regarding Western defense are not being put into place or matched by the development of a coherent European point of view or a European defense identity, which would have to be built upon a still nonexistent European political pillar.

Although there have been some interesting developments in Franco-German relations in the defense sector in the last 2 years, I don't see them as being an important motor toward the creation of a European defense identity.

KEY ISSUES AHEAD IN THE ALLIANCE

Looking ahead toward the next decade or so, I see 2½ important issues in the broad political security and technological field. I will not attempt to get beyond my competence in discussing economic issues.

The first of these is the strategic defense initiative. I believe it is a great mistake to view the framework agreements of Britain and Germany with the United States as indicating support for SDI.

In the same way, I think the French and the Italian decisions to go along with their companies cooperating in SDI, but without a framework agreement, also is not an indication of support for the basic concept.

There are explanations as to why the Europeans have chosen to participate in a limited form in the SDI Research Program, and they have to do with the fear of being left behind in technology, the fact there are contracts available which are enticements. But they also have to do with the fact the Europeans have not yet had to face the broad strategic and political issues which SDI does pose for them.

But looking down the road, these issues are ahead. I believe that the majority of Europeans will see SDI as fundamentally decoupling, as being corrosive to the basic notion of NATO that the United States is providing a nuclear guarantee to Western Europe. I do not believe that they will feel comfortable with a situation, should SDI ever come into existence, wherein we, and the Soviets, are protected and the Europeans are left naked.

There are many Europeans who fear this, and some of them are trying to make up for this vulnerability, or balance it if you like, with the notion of a European SDI, an antitactical ballistic missile defense of Europe.

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For a variety of reasons, I don't think a European SDI is likely to come about. It is going to be too expensive, going to be technologically infeasible, it is not going to do the basic job of providing Europe with a type of nuclear security it feels is needs.

In addition I think the major problem on the military side that NATO has to face, now and in the coming years, is improving conventional defense in order to reduce reliance upon nuclear weapons. Any funds that go into a European SDI, or even some of the money which we might spend in this country toward deploying SDI, would be ill-spent if they are taken out of a pot also available for improving the conventional defense of Europe.

IMPORTANCE OF ARMS CONTROL

The second major issue is arms control. This remains a hig. ority for the Europeans. The support which they have given in the past years, and right now, for the ABM treaty, is an indication of the high priority they place on arms control.

By and large, there is a stronger feeling in Europe than in the United States that some kind of a deal can be reached with the Soviet leadership. There are also concerns that the current U.S. administration is not prepared or able to strike that type of a deal.

I am skeptical that we will be able to separate the INF medium-range issues in the arms control negotiations from the strategic START issues for very long, and therefore, I think that arms control has to be approached in an integrated manner.

It may well be that the Europeans don't expect to see an agreement reached in the next year or two, but I think that whatever new American administration comes to office in 1989, that from the European perspective, arms control will have to be put right back on the front burner.

HIGH TECHNOLOGY IN THE CIVILIAN SECTOR

The half issue I wou'd like to identify is the question of high-technology in the civilian sector, the high-technology relationship between Europe on the one hand and the United States and Japan on the other.

This goes far beyond defense technology. There is a very deep concern in Europe that they are falling behind in information technologies and a variety of other technologies, not only because they are putting less money into R&D than are the United States and Japan, but also because they simply don't have an adequate enough market for developing high technology. In addition there are other social and cultural problems in Europe involving such concerns as the lack of mobility in labor force.

The Europeans are addressing this amongst themselves to some extent, within the framework of the EEC in the ESPRIT Program, and beyond EEC, in the EUREKA idea, which now brings together, I believe 17 to 18 countries, in trying to develop a European technological base—but I think it is becoming clearer by the month that the solution for Europe's perceived technology gap is likely to be more trans-Atlantic and trans-Pacific than intra-European. This points to the need for developing a more cooperative relationship with the Europeans, in trade and other economic matters, so that

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we can have a growth in joint ventures, and entrepreneurial activities of a trans-Atlantic and trans-Pacific nature.

I think that it is in our interest to support this, not only because we might benefit from it economically, but because there are political benefits to us from seeing a Europe which is confident in high-technology terms, as well as in its fundamental political and security dimensions.

I think I will stop there, Mr. Chairman.

Mr. HAMILTON. Thank you.

Mr. Ravenal.

STATEMENT OF EARL C. RAVENAL, DISTINGUISHED RESEARCH PROFESSOR OF INTERNATIONAL AFFAIRS, SCHOOL OF FOREIGN SERVICE, GEORGETOWN UNIVERSITY, AND SENIOR FELLOW, CATO INSTITUTE

Mr. RAVENAL. Thank you, Mr. Chairman. for the opportunity to present some brief remarks that may tend to be somewhat divergent from those of my colleagues who have preceded me. I would outline my remarks "NATO: Appearance and Prospect."

Even though NATO seems to be at this moment in time a bit of a backwater from the standpoint of media and political attention, with other issues in which our NATO allies are involved in in a sort of secondary sense, such as South Africa and terrorism and the rest, taking the forward position, perhaps this is the most appropriate time for a dispassionate analysis, and a far forward look in time, and the most appropriate opportunity for some speculative scenarios and some contrary to factual thinking. This is particularly so that we will not be blind-sided in the future, in the next decade or decade and a half or two, by developments in Europe that will appear to be sudden and unexpected, but that actually grow in a logical and compelling way out of the situation and the structure of the Atlantic relationship as we now can see it.

I think that Western Europe and its defense will remain the most important problem for the United States strategically. Western Europe is linked, through a kind of strategic logic, to almost all of the other significant problems with which we have to deal, such as our own strategic relationship with the Soviet Union, arms control, the central strategic nuclear balance, and the like.

Even though nothing predictively will happen in Europe—the chances of any major conflict in this theater are much less significant than many of the public would seem to think—nevertheless, Europe implicitly remains the most important cockpit or theater for American strategy.

Further, I would say that even though the events to which I draw attention are proceeding glacially and under the surface of the NATO relationship, they are actually the things that matter the most, because they portend the slow disintegration of this most important of America's alliance relationships.

WISHFULNESS OF U.S. POLICY

Also, I think because many American policymakers have had intimate, close experience in shaping the institutions of NATO, managing them, rescuing the relationship at various critical junctures,

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they tend to have too much of a sentimental attachment, to much of a loyalist angle of approach to Western Europe, and tend, therefore, it seems to me, to emphasize rather wishful kinds of solutions to some of the very real problems that they themselves have had to deal with. I do not exempt from that observation even such illustrious proponents of American policy as Henry Kissinger, who typically has brilliantly analyzed and, of necessity, pessimistically analyzed the problems that exist—the strategic divergence between the United States and its allies—and then has gone on to rather insubstantial, even chimerical, nonsolutions to the problems that he so gravely and starkly has identified.

My case, therefore, is going to be, if you can call it a case—is going to differ methodologically, I think, from some of the more loyalist portrayals of the NATO situation.

PREDICTION OF THE DISINTEGRATION OF NATO

First, I don't think this is a question of an alternative prescription. I think we are dealing with a question of alternative predictions. So I would start with an empirical prediction of disintegration, slow but inexorable disintegration of NATO.

My second point stems from persistent and structural defects in the nature of the alliance, that have existed virtually from the inception of NATO 37 years ago, and I would go on to say they are of a strategic character fundamentally. They are not the economic, social, social-psychological, communications, or institutional types of problems; those exist, but they could be handled if the basic strategic relationship were such that there were not a divergence on both sides of the Atlantic, and if the necessity for continuing American strategic support of Western Europe were so absolutely compelling that all of these other problems would be overriden. Then, the strategic defects are under the surface of the NATO alliance. On the surface of these things, something called NATO will probably exist forever. I don't think the debate should turn on that particular problem, although it has in many academic discussions. Rather, the question goes to the strategic content of the alliance. The alliance consists, regardless of other characteristics it has, of a basically unilateral American guarantee to extend nuclear deterrence over Europe. This is the indispensable function that is performed by the alliance, and I would say that in the future, and progressively, we will see that this content of the alliance will be progressively drained away, because of objective doubts, that is, doubts that Europeans must entertain—not that they would prefer to entertain, or that they are delighted to entertain—about the probable American response. In short, what this comes down to is the question of the integrity of American extended deterrence over Europe.

Therefore, if one has to move on to some sort of prescriptive discussion, one must see NATO and what we should do about it in the context—it has to be in some context—of its future evolution, and even the evolution of the international system. I would submit that these parameters of the international system are changing, not in our favor and not in favor of the continued easy—or even not so easy, but feasible—American strategic support for Western Europe.

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We often ask the wrong kinds of questions. The question we have to ask is not do we feel favorably disposed to NATO or to our Western European allies or to these congenial political systems on the other side of the Atlantic; the answer is, of course, yes. We should not ask the question whether or not normally we should continue to support the defense of Western Europe, because we generally come up with a positive answer when we ask that question. Rather, the question is, Should we adjust in some way to the more unfavorable parameters that will affect the relationship? And, more important than that, what will our system, our own people, be capable of doing with regard to the resources and the political support necessary for leadership to invoke in order to support the costs and the risks of this critical alliance relationship, in the face of predictable partial defections from American strategy by European allies, and in the face of the parity, or worse of the nuclear and conventional weapons relationship between the United States and the Soviet Union?

RISING COST OF NATO TO THE UNITED STATES

We should be prepared to see that the price of our support for NATO will continually be raised, but our capacity, or if you will, our propensity to meet that price will be diminished and will be impaired. I think those things bode very ill for the future of the Atlantic relationship, whatever it may be called—and I think it may be called the same thing for a century to come.

That raises the question, of course, of alternatives. I think the alternatives are either to make increasingly costly and more desperate moves to salvage NATO as it goes through a continuation of these crises—that dozen and a half crises we have already had, that will continue to beset NATO in the years to come; or rather to adjust.

This is not so much a counsel to do nothing, but it is a counsel to adjust to these parametric changes, rather than to make increasing costly and risky efforts to control the situation and reverse the disintegration.

NEED FOR EVOLUTIONARY MOVEMENT—AWAY FROM NATO

So, I think that we should accommodate—I think that would be the more appropriate word—this evolutionary movement away from the support for NATO. This may take the form of encouraging greater independence and more strategic autonomy by our Western European allies, and this will take place not in one great pronouncement, but in a series of topical and tangible decisions—let's say the modernization of the nuclear forces of Britain and France.

I would caution, however, that abetting this kind of enlarged European role is not compatible, as the optimists would have it, with the present type of American participation in the alliance. It is more compatible with, and probably will lead to, a much more unilateral, independent stance on the part of the United States. I would also caution that this kind of devolution, if you will, of defensive responsibilities to our European allies will not necessarily be an orderly process. There will predictably be no politically inte-

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grated Europe to act as a receptacle for these capabilities that we would like them to pick up, that we will necessarily be shedding over time.

As we phase out our expensive and risky obligations to the defense of Europe over time, I think we must always reserve our options. That is, we should design a second-chance strategy in terms of our force structure and defense programs, and we should always retain the ability to maintain the central strategic nuclear balance with the Soviet Union, but put it on a basis less of extended deterrence and more of finite essential deterrence of threats to the core values of the American political system and society.

Thank you.

Mr. HAMILTON. Mr. Rivers.

STATEMENT OF RICHARD R. RIVERS, P.C., AKIN, GUMP, STRAUSS, HAUER & FELD

Mr. RIVERS. Thank you very much, Mr. Chairman. I will try to be very brief.

At the outset, I would like to associate myself with the pessimism that Mr. Eagleburger enunciated at the beginning. I think pessimism is particularly well-founded in the area of international economic relations. The economic component of the trans-Atlantic relationship is the area that I am most acquainted with and I think in this area pessimism is particularly justified.

One reason for this is that we are somewhat in the situation of having a tough act to follow. The early postwar period, as Mr. Eagleburger noted, was a brilliant period in U.S. foreign policy, and it was brilliant particularly in the area of the economic and commercial relations, the Marshall plan, and the GATT. The institution building that the United States did in those early years was unparalleled and unprecedented.

IMPORTANCE OF ECONOMIC DIPLOMACY

Somewhere along the line, however, we lost sight of the very important role that economic diplomacy and commercial diplomacy must play in our foreign policy. Somewhere along the way trade became low foreign policy and was subordinated to other considerations. I think somewhere we lost sight of the fact that our economic relationship, our economic component, has become the stuff for foreign policy and the stuff of our trans-Atlantic relationship. To the extent that you can talk about Europe as cohesive whole, it is because of European economic integration.

The process of European integration that we fostered and contributed to, for all its stops and starts and weaknesses, is well underway. It is irreversible. So we must view Europe as an economic entity, if anything, but my pessimism is based upon a simple analysis of the policies that we are pursuing on either side of the Atlantic. They are destined to cause confrontation and friction. If not designed that way at least unwittingly that will be the result.

When we pursue fiscal policies in the United States which cause massive budget deficits, create high real interest rates, drain capital from European and other countries, cause a major, unprecedented—by most estimates—50-percent overvaluation of the dollar,

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it has enormous implications. Of course, it has implications for our trade account and for our exports to Europe and Third World markets, but it also has implications for our political relationship with our European allies.

We must understand that our ability to manage issues like Pershing missiles, or bombing raids on Libya or to work our will in the world and achieve the cooperation of other governments is in large measure a function of how well we manage our economic relationships and how we will manage our own economy. There are inextricable links among our defense, security, commercial, and foreign policies overall. But the policies we are pursuing are aimed at confrontation and friction. If not aimed, as I said, that will be the inevitable result.

SPECIFIC COMMERCIAL ISSUES

In Europe, you have the common agricultural policy with its well-known consequences both in Europe and for United States agriculture, but for the developing world as a whole as well. Take, for example, European beet subsidies. Europeans heavily subsidize production of beet sugar. They export beet sugar which they offer at lower prices in world markets. That has the consequence of further driving down the world sugar price. It exacerbates the debt problem, it makes things tougher for Brazil and for Central America. Those policies aren't conducive to smooth relations.

The kind of adjustment policies or negative adjustment policies that have been pursued in many European countries which have been aimed at husbanding employment often at tremendous economic costs, those policies inevitably lead to friction and in particular, frictions with the United States.

So I am pessimistic. Until we restore and return to an understanding of how important the economic and commercial relationship is between Europe and the United States, and until we return to a full appreciation of how important these issues are for our foreign policy overall, and for our relationships with Europe, both economical and political, then I don't think things are going to get any better. I think they are going to get worse.

And you will have more unilateralism, you will have a further erosion of the international rules, GATT will become even less relevant than it is today, and we will be in trade wars with Europe increasingly on agricultural issues. Be it pasta, or telecommunications, or whatever, we will be in trade wars, and when we get into trade wars, our ability to impact European decisionmaking on other things that matter to us, political issues, will be diminished even greater. So I am pessimistic.

Thank you.

CONTEMPLATED CHANGES IN UNITED STATES POLICY TOWARD EUROPE

Mr. HAMILTON. Well, thank you very much, gentlemen. It is hard to find an optimistic statement in the sum of all that you have said.

I want to invite my colleagues to join in at any point here. We will not follow the regular 5-minute rule.

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I would like to begin by getting some of your thoughts on what kind of changes in policy you think we ought to be making as a result of these trends that you see in Europe. If you don't like the word change then you can say adjustments or emphasis in policy.

Since Mr. Pierre, points to a lower priority for the trans-Atlantic relationship Mr. Eagleburger predicts that the deterioration in the relationship is likely to get quite serious, and Mr. Rivers thinks relations are going to get worse, what kind of challenges do these changes that are occurring in Europe present to American policymakers? I am not so interested here in immediate things, but as you look down the road 5, 10 years ahead of us, what kind of changes ought we to be contemplating in American policy toward Europe?

DISENGAGEMENT NOT NECESSARY

Mr. PIERRE. Well, Mr. Chairman, let me go first. I am not as pessimistic as some of my colleagues are regarding the period ahead. It seems to me that we have entered a mature phase in our relationship with the Europeans, and as in any kind of a family relationship, we will have to work out our differences one by one as we face them. But I don't see divorce. I don't see disengagement, disentanglement. I do not see overwhelming pressure today for U.S. troop withdrawal, although there may be pressure in the future, and there may be a partial withdrawal at some point. I think that the economic/cultural/political ties that bind us together will continue to bind us together.

Mr. HAMILTON. Would withdrawal of U.S. troops be a mistake?

Mr. PIERRE. I think total U.S. troop withdrawal would be a mistake.

Mr. HAMILTON. Significant troop withdrawal, would that be a mistake?

Mr. PIERRE. It depends on how you define significant.

Mr. HAMILTON. 100,000?

Mr. PIERRE. I think it would be a mistake to increase our reliance upon the use of nuclear weapons in defense of Europe. If we do have mutual and balanced 100,000 troop withdrawal, fine, but I would not like to see us in the position where NATO would have to use nuclear weapons at an early stage. I think it is in our security interests to keep our troops in Europe for that reason, not to mention the fact that if they were brought back to the United States, and not disbanded, they would not be cheaper to maintain here.

I realize I did say earlier that I see a lower priority for trans-Atlantic relations. However, I would like to reformulate that a bit by saying that I see that the total pie of foreign policy concerns is increasing. In other words, it is not that the Europeans' slice in itself is going to be smaller, it is that the pie is going to be larger, and perhaps we will be spending more time looking across the Pacific and to the south. That doesn't mean that it has to be done at the cost of our interests in Europe. So I think it is a matter of managing those interests in a piecemeal way with a rather tolerant approach toward the fact that there are and will continue to be divergences in interests and perspectives and I would say in terms of the issues areas——

Mr. SMITH of Florida. Isn't that what we are doing now, basically? For quite a while we have been managing on a piecemeal basis.

Mr. PIERRE. I think we have been doing it very successfully.

Mr. SMITH of Florida. So you are basically promoting continuation of the same kind of policy, reeling from semicrisis to partial difference, to watching the situation slowly slip away from us in some way?

Mr. PIERRE. Well, it depends on whether it is slowly slipping away from us. I go back to my analogy.

Mr. SMITH of Florida. Three out of four?

Mr. PIERRE. I go back to my analogy of a family, a husband and wife have been together for 10 or 20 years, the honeymoon is over, but they are going to have to manage their differences and take an account of the way they are growing separately, but that doesn't lead toward divorce. I don't see a total divorce.

I think one can identify the areas of concern. I would identify them as how the West deals with the Soviet Union, both in Europe and outside Europe.

Second, how we move ahead with regard to arms control, and in the relationship between arms control and defense.

And third, the extent to which we develop a common approach or agree on different approaches, in dealing with regional problems in the Third World.

I think those are going to be the three areas of European and American divergence, but I think we can sort them out.

Mr. SMITH of Florida. Aren't those issues, like a third party in a relationship? It is one thing for two people married a long time to manage their marriage as it grows older. It is another thing when a suitor comes running by or a mistress or others, an exterior relationship develops. That is a thorn in the side that doesn't generally pop up. And I think that on arms control, especially if you are going to look at one issue, that is something that may be very difficult for any marriage.

Mr. PIERRE. The only suitor or mistress or what have you that can come along to entice the Europeans away from us or we from them, would be a kind of neutralist posture, where the Europeans are equidistant from us and the Soviets, and the Europeans say a plague on both houses. Although there are an increasing number of Europeans who have taken that attitude, I grant you, I don't think that is a dominant attitude in Europe or likely to be over the course of the next 20 years.

So it is going to be more complex and more difficult relationship to manage, certainly compared to the first two postwar decades.

Mr. HAMILTON. Mr. Eagleburger wants to get in this.

NEED TO REVERSE PRESENT TRENDS

Mr. EAGLEBURGER. I think, Mr. Chairman, talking about what it is we do—the question you asked—to some degree depends upon whether you accept Mr. Ravenal's view of, if I may use the term, a sort of Kissingerian inevitability to all of this.

Mr. SMITH of Florida. Is that a plug?

Mr. EAGLEBURGER. Yes, sir, I was trying to be delicate. I have to tell you I think it would be an historic tragedy if we let this proc-

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ess continue without doing everything we can to try to reverse it, because I happen to believe that the most creative thing that has happened in foreign policy in the last century, has been that the Western democracies have found ways institutionally to manage their relationships in ways that are unique in history.

Now, maybe human beings can't learn from that and recognize that we are at a time when we are beginning to lose our grip. Problems are getting much more difficult, that it takes another act of imagination, if you will, to begin to create again. Maybe we can't do it, but I am not prepared to say that we shouldn't try and I think the beginnings of wisdom is to recognize, as I think all four of us here have said, the trans-Atlantic relationship.

I gave a speech a couple of years ago and said we were looking more to the Pacific. It isn't because I think that is good; it is a fact.

There is no simple answer to how you stop the trend if you think it is worth stopping. I support trying to stop it. I think, it would be as I said, an historic tragedy to let the process continue without doing everything we can to stop it. That means, among other things that the United States and the leadership of the United States, has to start talking to Europe. We cannot forget Japan in this context. It is not just Europe, but start talking to the Western democracies about the process and where we may be going. And Mr. Rivers is right, probably at the heart of all of this is the whole network of economic relationships where you people in Congress know far better than the rest of us what is happening in this country and the pressures that are developing.

Yet, I am convinced that those pressures, unless there are some ways found to deal with them other than protectionist legislation, are simply going to speed the process and make it far more difficult to try to bring things back into some kind of perspective.

We can spend a lot of time talking about specifics. For example, I think in many cases it is going to be the United States that is going to have to take the major steps. Just one small example: until we come to some understanding of the fact that there must be a two-way street on defense procurement, the Europeans aren't going to take us seriously on defense.

Mr. HAMILTON. Mr. Bereuter.

QUESTION OF UNITED STATES TROOP REDUCTIONS IN EUROPE

Mr. BEREUTER. Thank you for letting me sit in.

I spent about an hour on a special order yesterday on the subject of trying to pursue why we have these growing differences in perceptions on major issues between Europe and the United States, and I am just amazed how many points you have raised with which I am in agreement. But I do think, Mr. Chairman, that Mr. Pierre changed your question a few minutes ago. What about a reduction of 100,000 troops? And he responded we should not place greater reliance on nuclear deterrent, and that is not the question that you asked, it seems to me respectfully.

I come to the conclusion that we have an unnatural condition in Western Europe. The United States has very large ground forces there and the Europeans also place heavy reliance on our strategic nuclear deterrent which creates an unnatural condition. The

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French were right in their original proposal for the European defense community, although they did it out of fear of German rearmament, and then they later rejected it. All the allies lined up behind it.

But Gen. Dwight Eisenhower, you may remember, said that if there are American troops in Europe 10 years from now, then the policies we are pursuing have been a failure. That is almost 40 years. And the conclusion that I reach, at least tentatively, is that this unnatural condition exists. It is a very large irritant and the reason why there is no longer support for European defense of Western Europe today, and that some evolution as we gradually reduce our forces—not totally but at least by half or something like that would be a positive step in bringing our side of the Atlantic closer together.

Just one minor point, and I am afraid I have to go deal with the American Indian problems—which are a more immediate concern to me, politically at least than this—one more point that Mr. Pierre made, and that is the lack of a market for technological products, and technological growth of Europe. I just look at the size of the combined GDP and the number of people and think that it need not necessarily be the case, and if they would break down the Balkanization of trade barriers and investment policies in Europe, they would have an incredible base for technological exploitation in Western Europe that could help the rebuilding of Europe.

They haven't been willing to take those steps yet, and where they have had any combined effort, it seems to be concentrated in agriculture today.

I welcome any kind of reaction to the concept that it is basically an unnatural condition that exists today and that that is the reason behind many of our irritations and differences in perception which are so extreme as pointed out by the reaction to our raid on Libya.

UNITED STATES SHOULD REVERSE FORWARD DEFENSE OF EUROPE

Mr. RAVENAL. I would like to endorse much of the thrust of the gentleman's analysis of the heart of the problem. I think that one can define not only it in terms of such adjectives as unnatural, but in much more tangible ways, and I would like to link the question of how normal this historical relationship is that the United States has entertained with Europe with the question that the chairman put at the beginning of this phase of the discussion, which is what to do about all this.

It seems to me that the kinds of decisions that this government is called upon to make with regard to the NATO alliance do not come in terms of the large questions of whether this alliance is worth entertaining or whether we have sufficient vision to see its importance in history. They come in the guise or in the shape of a lot of what I call second-order questions. The things you have to vote on are not NATO up or down.

Rather, first of all, the defense budget. If the overall defense budget is squeezed to a certain point, then of necessity the American contribution to the support of Europe's defense will be diminished. You can chip away at the edges for a while, but there will be

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a point where the confident conventional defense of Europe with American forces will be impaired. The alternative is not necessarily to go to a lower nuclear threshold. That is true only if the United States retains the intention of first use of nuclear weapons. It could be that the Europeans would be forced to pick up the slack. It could be that they would simply accept more risk of losing a conventional war. But one of the immediate kinds of decisions that legislative bodies in the United States are called upon to make with regard to Europe is how large our defense budget is going to be.

Second, how large our troop deployments are going to be in Europe—this is not the real question. I think it has been grossly misstated over the years, in resolutions and amendments of troop withdrawal, because the real issue is not troop withdrawal. If and as long as the United States is going to be committed in the way in which it is at present to the defense of Europe, troop withdrawal is not the issue. American troops under those circumstances should be kept in Europe because they are more effective and they are cheaper if left in Europe, those 4⅓—by my overall reckoning—divisions that we have there.

Mr. BEREUTER. Cheaper than what?

Mr. RAVENAL. In other words, troop withdrawal, if it comes about, will be a result; it should not be a motive. If we withdraw troops, it is not for the sake of having them in the United States. The troops must be disbanded from the force structure. If we withdraw troops, this must be in the context of a changed set of American strategic plans to defend Europe. It would be in the context of a reversal of present American plans to defend forward in a kind of a layered defense relationship with our European allies; in other words, the functions of American forces would have to be changed along with this.

There is a third respect in which decisions that are presented to the Congress come up in a somewhat different form and appear to be only indirectly related to NATO, and that is the types of weapons systems that we have. I don't know whether it is apparent to our lawmakers that when votes on Midgetman or votes on the MX come before this body, in effect they are voting on the integrity of the American defensive and deterrent relationship with Europe. They are voting on extended deterrence, because American extended deterrence requires, if it is to be perpetuated, counterforce first-strike damage-limiting weapons and the doctrines of employment that these carry with them, whereas in order to have a rather different stance, if one opposes these kinds of more risky and costly strategic stances, then the entire American nature of the American protective relationship with Europe would have to change.

These things, these weapon systems, are not promoted by accident and they are not flights of irrational fancy on the part of weapons makers or the armed services. They are the logical implementing devices to maintain the integrity of America's strategic coupling with Western Europe, and if we don't like these effects or if we cancel these effects through votes—then we must, I think, accommodate or at least consider a change in the basic American strategic relationship with Western Europe.

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That is just an example. I don't want to go too much further with that, but that is the guise, shape, and form in which the essential decisions affecting the American relationship with Europe will come before the Congress.

TROOP REDEPLOYMENT WILL ENHANCE U.S. FLEXIBILITY

Mr. BEREUTER. May I have a brief reaction?

I am a different category of Congressman than the ones to which you provided an answer. You provided an answer, I think, to Congressmen that want to cut the defense budget by withdrawing troops from Europe. I want to begin to withdraw some of the troops from Europe because it will be good for the alliance and I don't contemplate a reduction in the armed services, but rather to withdraw those people probably to the United States. Therefore, I asked "cheaper than what" and I suggested we withdraw them because we are one of two global powers and we need flexibility to deal with what the Europeans are not interested in pursuing.

We were concerned about being drawn into colonial kind of issues with the Europeans. Now it is the Europeans who don't want to do anything with Third World countries because they are complacent behind their regional responsibility to protect Europe, which they partially pursue as a junior partner.

So it is not a cost-effective argument that I am pursuing. It is not a matter of reducing the defense budget. I am for redeployment for reasons of alliance and because of global responsibilities of the country.

Mr. RAVENAL. May I say, with due respect, that the kinds of forces that the United States might in any alternative global strategic conception, such as you entertain, to defend its other interests outside of Central Europe would not be nearly the same kinds of forces, and they would be likely to be quite unsuitable either for a return to Europe or for combat there, and therefore the return of forces from Europe to the United States and their rededication to other functions would necessarily change their configuration, their deployment plans and schedules, and the types of equipment that they dispose of.

Mr. BEREUTER. True enough and that requires that the Europeans pick up a larger share of the conventional responsibilities for the defense of Europe permanently.

Mr. RAVENAL. Yes; but I don't think that that kind of a major change could be accommodated within the present structure or function of the alliance. I think it would bring about major changes in the strategic autonomy of the Europeans.

ECONOMIC PROBLEMS ARE THE MOST SERIOUS PROBLEMS

Mr. HAMILTON. Do you worry more about the economic problems or the security problems? Where are the toughest challenges to American policymakers in the next 10 or 15 years? Will it be security, economics, or can you really say? If you ask the Assistant Secretary for Europe today what problems worry her the most, she will answer, "I think the economic problems today."

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Does that mean that in the next 10 years the economic aspects of the relationships are going to be of priority or of dominant concern to us?

Mr. EAGLEBURGER. I think it does. I think that is where the immediate problems lie, but they are in the context for me of the broader question of the deterioration of the whole relationship itself. But I think it is in the economic area——

Mr. HAMILTON. So the economic area is going to be the cutting edge of that deterioration?

Mr. EAGLEBURGER. This is not to exclude the problems of arms control or other issues, but I think the ones that are going to cut the deepest are in the economic area.

Mr. RIVERS. I agree, and I am pleasantly surprised to hear your estimation that the Secretary would say economic.

Mr. HAMILTON. I asked her the other day.

Mr. RIVERS. I think in the first place it is very hard to compartmentalize these things. They are all interrelated and it is the overall relationship, of which these are components, that we really ought to be examining, but I do believe that the toughest historical trends that we have to buck over the next 10 years are going to be in the economic arena because we are on diverging tracks.

Mr. HAMILTON. What do you mean we are on diverging tracks?

Mr. RIVERS. I think we are pursuing economic policies which do not mesh well. We are pursuing respective economic policies that will cause confrontation and friction. The Europeans are engaged, in my view, in a set of national policies aimed, as I said, at husbanding employment, at resisting adjustment. They are not policies aimed at growth, achieving growth. They are not policies that are conducive in my view to economic expansion, technological advance, research and development, innovation, and productivity.

The Europeans and the French in particular are very worried about what is happening in the field of information and information-based technologies. They see the United States and Japan basically leaving them behind on the railroad platform, and consequently they are pursuing policies that will lead to more disputes, commercial disputes, economic disputes; agriculture, of course, is a chronic problem in the United States-European relationship.

ECONOMIC PROBLEMS WILL ERODE SECURITY COOPERATION

Mr. HAMILTON. Will the friction in the economic area begin to erode security cooperation?

Mr. RIVERS. In my view, it will. It will be more difficult for us to work together generally. As the economic component of the relationship deteriorates, we will find that it will spill over and we will have less cooperation. We will find it much more difficult to work with the Europeans on the many very vexing security issues.

Take, for example, the Siberian gas pipeline dispute. That was, from my perspective, a very damaging experience. It was a measure of our frustration in dealing with the Europeans on an issue like that and having them see our point of view.

They basically walked away from us, I think, and I think that whole episode, deeply as we felt about it, was not a very constructive episode in United States-European relations.

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Mr. HAMILTON. On the security question, how do you see things developing? We recognize that the Soviets are trying to woo Western Europe and are trying to drive a wedge between us and Western Europe in almost every proposal that they make.

One of you referred a moment ago to the position of the opposition parties in Europe, Labor in England and the Social Democrats in Germany and others, and how they have really rejected a lot of the basic security views that we have had in this country for a long time.

What do you see happening in Europe? What is the direction of thinking with regard to the Soviet Union and the threat from the Soviet Union? Is the position today of these opposition parties the wave of the future in Europe? Are we going to be confronted in a short period of time with governments in Western Europe that really reject the fundamental tenets of security?

Mr. PIERRE. I think we have to recognize that opposition parties are different in opposition than when they are no longer in opposition. One can look at Britain at the time of nuclear unilateralism in the late fifties and Hugh Gaitskell's fight with it. When the Labor Party came into office in 1964, under Harold Wilson, it evolved substantially toward the mainstream.

I think one is already seeing that type of process happening in the Federal Republic of Germany. Johannes Rau, as leader of the Social Democrats in Germany, is somebody who is much more in tune with the mainstream of Western foreign policies than are many of the people on his left within his party. These people had more influence 2 years ago within his party than they do today.

If SPD were to come into office in the next election, which is unlikely, it more likely 4½ years from now, it would pursue a policy toward the Soviet Union and arms control which would be perhaps less compatible with the views of the Reagan administration, which won't be in office then, than the current views of Helmut Kohl, but would not be too far out of the mainstream.

I am more worried frankly about Britain than about West Germany where it seems to me the cleavages are deeper. But even if one looks at a country like the Netherlands, which almost everybody predicted several years ago would not countenance the placing of cruise missiles, and would remain outside the basic NATO defense philosophy, even the Dutch have moved back toward the center.

So the first point I would make is that as opposition parties come into office there are political pressures upon them to move more toward the mainstream of foreign policy views.

That being said, I do think there is a problem, which I would say characterize in the following way: The basic tenets of Western defense, the Soviet threat, the need to maintain a balance to the Soviet threat, those basic tenets are increasingly questioned. What has led to that questioning hasn't only been the successor generation problem, but much of the INF debate which opened up issues for electorates in Europe which had been closed for the prior 20 years. I think that individual governments and Western institutions will have to spend a lot more time explicating the basic aims

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and security and economic concerns of the West to their publics than has been the case in the past years.

SOVIET ADEPTNESS AT PUBLIC RELATIONS

Mr. HAMILTON. Are the Soviets going to have more fertile ground to plow with these new attitudes developing?

Mr. PIERRE. I think they do. I think they are plowing that ground extremely well. The current Soviet leadership is much more adept at plowing that ground.

Mr. HAMILTON. Are the Soviets winning the public relations war in Europe today?

Mr. PIERRE. I wouldn't say they are winning it, but they are making it more tough for us and we have to do a better job in countering their posture.

Mr. HAMILTON. But won't these developments you are describing make the Soviet appeal easier in the future?

Mr. PIERRE. Not completely because the other side to that is that the Soviet model as a social, economic, and political model is much less attractive to the West Europeans than it was 20 years ago.

Throughout Europe, people no longer view the Soviet Union as a system they want to be part of, so what makes our task a bit easier, it seems to me, is that the Soviet Union, the closer one looks at it, becomes less attractive and appealing to the Europeans.

Mr. HAMILTON. Mr. Rivers.

Mr. RIVERS. I would like to make a bold prediction at this point. One hears a lot of talk these days about the Deng Xiao-Ping reforms in China.

As a forecast, I would imagine that within the next 5 to 10 years we will be talking about the Gorbachev reforms in the Soviet Union. That economic system is in deep trouble and they have to make some very fundamental changes and compromises in that system.

I don't know where the Soviet Union will be 10 years from now in terms of their economic system or what kind of a model it might pose for European minority parties.

EQUIDISTANT EUROPE IS NOT A PRO-SOVIET EUROPE

Mr. RAVENAL. I want to put a brief footnote on that. I think that even a so-called equidistant Europe, and that is scarcely likely to happen—if Europe were more independent it would lean to the more congenial political systems represented by ourselves and others in the Western world, but even if you could postulate an equidistant Europe politically, that does not necessarily make Europe amenable to Soviet blandishments and more susceptible to being subordinated or being overrun by Soviet forces. That is a leap made whenever people propose an attenuation of American support for Western Europe, and I think it is totally unwarranted.

UNITED STATES PROBLEMS WITH THE EUROPEAN COMMUNITY

Mr. HAMILTON. We have also supported the idea and the concept of the European Community, but it seems to me we are getting more and more problems with the European Community.

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Is it going to continue to be in the United States interest to support the concept of the European Community and encourage its development and growth, maybe even unification, when it keeps causing us more and more problems?

Mr. RAVENAL. It strikes me that in devoting so much early support to European economic integration, we helped to create a bit of a monster in terms of protectionist European policies, agricultural and industrial.

Mr. HAMILTON. That is what we are up against right now.

Mr. RAVENAL. We are facing some of the predictable fruits of our own fervent attempt to push the Europeans together.

Mr. HAMILTON. I don't remember too many predictions about it.

Mr. RAVENAL. I think with regard to protectionism on either side of the Atlantic, it makes very little economic sense either for the Europeans or for the Americans to espouse protectionist policies; but I think that the arguments we have developed against protectionism have been backward: that we should reject protectionism so that we can smooth the way for greater strategic cooperation. I think that the argument against protectionism should stem from the damage that our own protectionism will do to our own economy and our own standard of living.

RESPONSES TO PROTECTIONISM

Mr. HAMILTON. None of you seem to like protectionism. It is a favorite horse to beat, but political pressures are very strong. But if you reject protectionism, are you going to seek your settlements through GATT? Are you going to go to bilateral agreements with particular countries in Europe? Are you going to retaliate when we run into this protectionism on the European side?

Are we going to add more and more subsidies? In agriculture today, we can't sell anything abroad. The only way we can sell abroad is to pump more subsidies into supporting exports.

Are we going to try to divide the world market? What approach are we going to take? If you reject protectionism in the world today, how are you going to deal with the problem?

Mr. RAVENAL. We could start with a lessening of the amount of resources that we disproportionately divert to performing the security functions which the Europeans, and the Japanese, too, should be performing themselves. I don't entirely go along with the free-ride hypothesis, but the Germans are spending 3.25 percent of their gross national product, and we are spending 6⅞, on defense.

Mr. HAMILTON. Do we take money out of our security budget and put it into economic subsidies?

Mr. RAVENAL. I wouldn't want to do that.

Mr. HAMILTON. You don't like protectionism, but how do we deal with this problem? I am looking for strategy to deal with protectionism.

Mr. RAVENAL. Certainly, it is not fitting for somebody who doesn't bear political responsibility and have the near-term task of getting reelected every 2 years to offer theoretical and fairly abstract advice. But the proposition, I think, stands and should be more intellectually compelling, that even if other countries do not

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reciprocate our free trade practices, we should still pursue free trade practices, not for their benefit but for ours.

The short-term political costs, one has to admit might be very painful, particularly in certain constituencies, but the overall effect of our opening our borders to trade—and to other factors of production, as a matter of fact, and to capital and to all of the other aspects of commerce—would be beneficial to ourselves in the aggregate, in the long run.

Mr. HAMILTON. We are going to have a pretty rocky road if we follow that course for a while, in terms of manufacturing jobs in this country aren't we?

Mr. RAVENAL. The kinds of production we would end up with——

Mr. HAMILTON. I am sympathetic to your argument, but I am trying to get some thoughts on it. Larry.

Mr. EAGLEBURGER. I don't have an answer to your question, but will try to walk around it anyway. I don't think there is an answer now. I think, given the damage that the American economy has suffered, part of it clearly from the wrong kinds of economic and trade practices of our allies, it is pretty inevitable we are going to react.

My problem is I am not sure anybody knows what the answer is. I am afraid I know this isn't the answer. I am afraid it will have to be tried and we will see what happens.

The discussion in the last few minutes gets back to a point I tried to make at the beginning, which is do you care in the broad overall context about what the West has been able to create in the last 40 years, or don't you?

Mr. Ravenal, I think, has a different view of where we ought to be going than I, but that is critical talking about questions like troops in Europe or how do you deal with the trade issues or any of these other questions that have been raised.

And I come back to saying that while a lot of these questions can only be answered partially and sometimes wrongly, if you take them by themselves, that it seems to me it is critical for us now to try to stop that process and get back to saying with the Western democracies in some sort of conference, I hate the idea, but I don't see any other solution at this point, with some leadership from the United States, we are going down a series of wrong roads, and the inevitable consequences over time is a slow deterioration, so that by the end of the century, we will still have a NATO, and there won't be any blood in the vessels, and it will be a rickety thing, but still there.

And as the Western democracies come to grips with the fact that we are heading in wrong direction, and recognize that the economic issues are key, at least for the next 10 years, and begin to try to deal with these issues creatively, I don't think there are any answers, and that is why basically I am pessimistic, because I don't think it is in the grasp of the West to do this, because I do think it takes a leap of imagination and creativity which I am not sure we have, and it means sitting down with the Europeans and talking about what is the proper relationship in the security area between the United States and Western Europe over the course of the next two decades.

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I have a different view than Mr. Ravenal, but that is not the point. I think it would be a mistake to withdraw troops, not because I think they make rational sense, particularly, but because of all the signals that we will send at a time when deterioration is in process anyway.

It is not that I think we need the troops there for anything but psychological reasons, but to do that now without having thought through where you want to be at the end of the century is leading us in all the wrong directions.

Mr. RIVERS. My basic theme is that we have been spending more of our capital on noneconomic issues and less of it on what I view to be the heart of the matter, the economic issues.

I think the balance is inappropriate. Instead of going out and spending our chits, which are limited, on issues that the Europeans may go the wrong way on anyway, be they Pershing missiles or a gas pipeline or whatever, we ought to spend more in a proportional way, more emphasis on the relationship, more of our capital on issues like how we manage our respective economies.

Right now many people believe that the United States through its own recovery has been carrying the water for the world, and that the Europeans have, out of fear of inflation or whatever, not been contributing to the overall strength of the world economy.

I think we need to talk to them about those kinds of issues and spend more of our capital on these types of issues. We need to talk to them about their protectionism, talk to them about the common agricultural policy, and similar issues although the latter will be a very tough one to tackle.

UNITED STATES AND EUROPEAN COORDINATION OF ECONOMIC POLICIES

Mr. HAMILTON. What if they don't do anything, on the issue of stimulus of the world economy? Every American economist whom I have talked to says they ought to do more, and that we have carried more than our share of it.

Our policy people have been talking to the Europeans about it, and the Europeans say no, we don't agree with your analysis or the German economy or the Japanese economy. We don't think being the locomotive, if you will, for the world economic recovery is the way for us to go in our national economies.

Where does that bring us?

Mr. RIVERS. Back at square one. We don't run their economies. The best we can do is to knock the edges off some of these problems. We will never achieve a system where they always do exactly what we ask them to do, but a more perfect system would be one where we occasionally had a batting average of 500 out of 1,000.

We can improve our batting average, I think.

Mr. HAMILTON. Gentlemen, I have got a lot of questions, but you have been at it for a good time and it has been helpful to have your views. I will give you an opportunity to wind up with any comment you might have if you see any loose ends.

A UNITED EUROPE IS IN UNITED STATES INTERESTS

Mr. PIERRE. Briefly, a comment on what may be a large loose end. You asked a few minutes back, Mr. Chairman, about the role

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of Europe and the European Community, and we responded to it with a discussion of protectionism, but I think there is more to that question than our response has been thus far.

There is a larger issue of whether the original Europe idea, developing a political entity, backed up with economic integration and a defense capacity of its own, is possible and desirable from the American point of view.

Here I see some evolution in American thinking. I think many American policymakers 20 years ago saw that type of Europe as a threat to our interests, and did not therefore support it.

I have a sense now that we are more prepared to accept the basic notion that a stronger European entity is in the overall interest of the West and that we can live with it within a structure where NATO might be changed a bit, and within a structure in which some of our economic institutions might have to be adjusted.

The real problem is that the Europeans haven't got their act together. They have made a number of attempts and each time the attempt has moved a certain way and fallen back. I think we ought not self-flagellate ourselves in thinking we are doing everything wrong without being reminded that the Europeans themselves have not, for a number of reasons, been able to bring themselves together.

It is not that we have not encouraged that, encouraged intra-European defense cooperation, encouraged the community, even when some of the things they say do not jibe with our interests at any given time. To the extent that we can encourage that basic process, I think we are moving ahead in terms of a long-term structure of European-American relations, which are in our interest.

IS UNITED STATES ATTENTION SHIFTING AWAY FROM EUROPE?

Mr. HAMILTON. Do you think it is possible for the United States to shift more of its attention to the Pacific and to the South without causing harm to the European relationship?

Earlier today, you talked about the pie enlarging.

Mr. PIERRE. Right.

Mr. HAMILTON. But my objection would be that it doesn't work that way, that if the American Secretary of State, the American President, and the American Under Secretary, in Mr. Eagleburger's case begins to talk about the Pacific or the South, then the Europeans get nervous about it. The Europeans don't buy this argument of the pie getting larger; they think their share is getting less, and they are very worried about it.

Mr. PIERRE. I will let Mr. Eagleburger answer for himself, but I think the pie is enlarging. This means that the Secretary of State and the Under Secretary of State may have to go to a lot more meetings, and that makes his or her task more difficult.

The European pie, incidentally, is enlarging too in the sense that they are very gradually being forced to give more attention to Japan, especially their economic relations with Japan and the Third World, so I think it is a reality that we have to live with, even though it may be that when Mr. Eagleburger makes his speeches, he upsets a lot of Europeans.

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Mr. HAMILTON. One of my colleagues in the Congress says that in 10 years' time, the American Secretary of State will be spending 50 percent of his time on problems to the south of us.

Mr. EAGLEBURGER. Directly to the south of us. If I could, it follows on your question, and what Mr. Pierre said. Europe is the problem. They are far more the problem than we. It is true we may make mistakes, but the Europeans keep telling me how much more sophisticated they are than we, and I keep reminding them that the last two World Wars were in Europe, and we didn't start them.

It makes them nervous when somebody gives a speech to remind them that the Pacific is there. And in trade issues where we can find ways to retaliate without throwing the baby out with the bath water, I think we have to do it.

I think they need a 2 by 4 across the head, because the problems we have talked about are essentially Europe's inability to make itself into a partner with something like the specific gravity of the United States.

Looking at the next 20 years, if we finish out the century with Europe no more important to us, and to global stability than it now is, then they will deserve whatever it is they get, and we will pay a price for it as well. Either they—with our encouragement and real pain in the process for us—get their act together in ways that make them more important, or they will become less and less relevant. There is little we can do except encourage that on the edges, but it is essentially their problem, not ours.

Mr. HAMILTON. I thank you all. Your observations have been good. You have probably noticed that the Congress doesn't spend much time on European issues. Our focus tends to be on the hot spots, and the hot spots have not been European in the last decade or more maybe, and that concerns me. One of the purposes of this discussion is to try to get some thoughts from people who think about these things very carefully and whose judgment we respect on European issues, because I think the Congress needs to be directing its attention more to this very fundamental relationship that we have.

You all have been very helpful in starting that process. Thank you very much. The subcommittee stands adjourned.

[Whereupon, at 3:40 p.m., the subcommittee was adjourned.]

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APPENDIX

Biographies of Witnesses

Lawrence S. Eagleburger

Lawrence S. Eagleburger is President of Kissinger Associates, Inc., which he joined in 1984 after serving for 27 years in the Department of State. At the State Department he held various positions: from 1982 to 1984 he was Under Secretary of State for Political Affairs, the third highest position in the Department. Prior to that he served as Assistant Secretary of State for European Affairs, Ambassador to Yugoslavia, Deputy Under Secretary of State for Management, Executive Assistant to Secretary of State Kissinger, Deputy Assistant Secretary of Defense and Deputy Assistant to the President for National Security Affairs. Mr. Eagleburger was awarded the Distinguished Civilian Service Medal by the Department of Defense; the President's Award for Distinguished Federal Civilian Service; and the Department of State Distinguished Honor Award. Mr. Eagleburger is also a member of the board of directors of ITT Corporation, Yugo-America, and Ljubljanska Banka.

Andrew J. Pierre

Andrew J. Pierre is a Senior Fellow and Director of the Project on Foreign Relations at the Council on Foreign Relations. He was educated at Amherst College, the Institut d'Etudes Politiques in Paris and Columbia University from which he received a Ph.D. in Political Science. Before joining the Council in 1969, Dr. Pierre had been with the Brookings Institution and the Hudson Institute. He has been an Adjunct Professor at Columbia University and has lectured widely in universities and military academies in the United States and abroad. From 1962 to 1964 he was with the Department of State, first in Washington working on United Nations matters and then at the American Embassy in London dealing with politico-military affairs. He has been a consultant to the State and Defense departments as well as other U.S. Government agencies.

Dr. Pierre's work has covered a wide range of foreign policy issues, including East-West relations, European-American relations, defense policy and arms control, nuclear proliferation, conventional arms transfers and international terrorism. He is author of *The Global Politics of Arms Sales*, published by Princeton University Press in 1982. Among his other writings are *Nuclear Politics: The British Experience with an Independent Strategic Force 1939–1970, Nuclear Proliferation: A Strategy for Control, Arms Transfers and American Foreign Policy* (editor and contributor), and he played a key role in the drafting of *Western Security: What has changed? What should be done?* issued by the Council on Foreign Relations and three comparable institutes in Europe. He is editor and contributor to a series of books being published in the Council's Project on European-American Relations, including *Nuclear Weapons in Europe, Unemployment and Growth In the Western Economies, Third World Instability: Central American as a European-American Issue, A Widening Atlantic?: Domestic Change and Foreign Policy, The Conventional Defense of Europe: New Technologies & New Strategies.* Dr. Pierre has contributed chapters to a number of volumes and is the regular book reviewer for *Foreign Affairs* of the section on military, science and technology. He has written articles for many publications including *Foreign Affairs, Foreign Policy, Survival, International Security, Orbis, Survey, Atlantic Community Quarterly, Political Science Quarterly, Parameters, New Scientist, Armed Forces and Society, Politique Internationale, The World Today, Europa-Archiv* and has also published in the *Washington Post* and the *New York Times.*

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EARL C. RAVENAL

Earl C. Ravenal, a former official in the Office of the Secretary of Defense, is Distinguished Research Professor of International Affairs at the Georgetown University School of Foreign Service and a Senior Fellow of the Cato Institute of Washington, DC. He has been a Fellow of the Woodrow Wilson International Center for Scholars, the Institute for Policy Studies, and the Washington Center of Foreign Policy Research, and a Faculty Member of the Salzburg Seminar in American Studies. He has lectured at fifty other American and foreign universities, is a frequent speaker at military institutions and on television and radio, and has given expert testimony before Senate and House committees. He is author or co-author of nine books on foreign and military policy, including, most recently, *Never Again: Learning From American's Foreign Policy Failures, NATO: The Tides of Discontent, Defining Defense: The 1985 Military Budget,* and *Foreign Policy in an Uncontrollable World,* and he has authored over 140 articles and papers. Dr. Ravenal received his B.A. summa cum laude from Harvard University and received the Henry Fellowship for graduate study at the University of Cambridge, England. He has his M.A. and Ph.D. from The Johns Hopkins University School of Advanced International Studies.

RICHARD R. RIVERS, AKIN, GUMP, STRAUSS, HAUER & FELD

Richard R. Rivers, 43, is a partner in the law firm of Akin, Gump, Strauss, Hauer & Feld and the head of the firm's international practice. Before entering private law practice, Mr. Rivers served as General Counsel of the Office of the Special Representative for Trade Negotiations in the Executive Office of the President (May, 1977 to August, 1979).

During the Tokyo Round of Multilateral Trade Negotiations, Mr. Rivers headed the U.S. delegation that negotiated the Arrangement on Subsidies and Countervailing Measures, and played a major role in the preparation and enactment of the Trade Agreement Act of 1979 which approved and implemented the international agreements reached in the negotiations. In the summer and fall of 1979, Mr. Rivers served an interim appointment as President's Carter's Acting Special Representative for Trade Negotiations.

Before joining the Office of the Special Trade Representative, Mr. Rivers served as international trade counsel of the Committee on Finance of the United States Senate; participated in the preparation and enactment of the Trade Act of 1974; and subsequently served as congressional staff advisor to the U.S. Delegation to the Multilateral Trade Negotiations in Geneva, Switzerland.

As head of the international section of Akin, Gump, Strauss, Hauer & Feld, Mr. Rivers supervises sixteen attorneys and economists engaged in representing and advising clients on international trade and investment regulation and private international business transactions.

Mr. Rivers presently serves as general counsel to the Coalition of Service Industries, vice president of the Council on U.S. International Trade Policy and is a member of the Council on Foreign Relations.

A native of Dallas, Texas, Mr. Rivers received his education in the public schools of Dallas, Texas, at Tulane University and the University of Texas and Catholic University Law Schools. Mr. Rivers is married and has two children. He and his family reside in Chevy Chase, Maryland.

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